

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	: CRIMINAL NO. 05-
	:
v.	: DATE FILED:
	:
MICHAEL ETEMAD	: VIOLATIONS:
CHRISTOPHER STEWART	: 18 U.S.C. §§ 371 (mail
	: fraud conspiracy -1 count)
	: Notice of additional factors

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this indictment:

1. Tomorrow's Financing Inc. (Tomorrow's Financing), located in Philadelphia, was a finance company which among other services, offered financing for taxi cab medallions and acted as a broker for home mortgages.
2. Defendant MICHAEL ETEMAD was the owner and manager of Tomorrow's Financing, and also acted as a broker's representative for financing of real estate.
3. Defendant CHRISTOPHER STEWART assisted defendant ETEMAD in the management of Tomorrow's Financing, including the oversight of the application process for real estate loans.
4. Washington Mutual Bank, FA, (Washington Mutual) headquartered in Seattle, Washington, was a financial institution which provided financing for home mortgages.
5. From in or about February 1998, through in or about April, 2000, defendants

**MICHAEL ETEMAD and
CHRISTOPHER STEWART**

conspired and agreed together and with others known to the United States Attorney, to devise and intend to devise a scheme to obtain money and property from Washington Mutual by means of false and fraudulent pretenses, representations, and promises, that is the obtaining of home mortgages by unqualified buyers and/or the obtaining of mortgages for property which had been appraised at an inflated value, and, for the purposes of executing this scheme, and attempting to do so, knowingly caused to be delivered by mail according to the directions thereon, loan documents and other loan related correspondence from various locations in the Eastern District of Pennsylvania to Washington Mutual offices at various locations in the United States, in violation of Title 18, United States Code, Sections 1341.

MANNER AND MEANS

It was part of the conspiracy that:

6. Defendants MICHAEL ETEMAD and CHRISTOPHER STEWART obtained fees, commissions and other payments for submitting loan applications through Tomorrow's Financing to Washington Mutual on behalf of home buyers interested in obtaining mortgages and home owners seeking refinancing.

7. Defendants MICHAEL ETEMAD and CHRISTOPHER STEWART submitted legitimate mortgage applications in addition to fraudulent applications, because in addition to generating fees, these legitimate loan applications enabled Tomorrow's Financing to become a high volume broker. Defendant's ETEMAD and STEWART expected that because Tomorrow's Financing was a high volume broker, fraudulent loan applications it submitted

would receive less scrutiny from Washington Mutual, and that the approval rate for all applications, including fraudulent ones, would be high.

8. Defendants MICHAEL ETEMAD and CHRISTOPHER STEWART submitted loan applications on behalf of unqualified buyers which defendants ETEMAD and STEWART knew were supported by various types of altered and fraudulent documents, including inflated appraisals, fabricated tax documents, vehicle registration cards and articles of incorporation, and false loan applications that included inflated income statements. In order to avoid asset verification by Washington Mutual, ETEMAD and STEWART also knowingly submitted documents that falsely claimed that the money used by the buyers for a down payment was a gift of equity.

9. From in or about February 1998, through in or about April 2000, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART submitted loan applications to Washington Mutual which overstated the total value of the collateral provided to Washington Mutual by approximately \$452,000.

10. From in or about February 1998, through in or about April 2000, in order to complete the loan process, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused mortgage documents to be mailed from title companies in the Eastern District of Pennsylvania to Washington Mutual Bank, FA, c/o Data Plex, 12691 Pala Drive-MS156DPCA, Garden Grove, CA 92641.

OVERT ACTS

In furtherance of the conspiracy, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART and others known and unknown to the United States Attorney,

committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. On or about November 23, 1998, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower purchased a property on Spruce Street, Upper Darby, Pennsylvania using \$62,325 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$85,000 October 7, 1998, when, as defendants ETEMAD and STEWART knew, it had been purchased in September 1998, for approximately \$43,100, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income and employment; (c) fabricated articles of incorporation; and (d) false Housing and Urban Development (HUD) forms which stated that the property had been purchased for \$83,100, when it had in fact been purchased for \$43,100.

2. On or about January 12, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower refinanced a property on Curran Street, Chester, Pennsylvania using \$42,325 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$56,000 on November 16,

1998, when, as defendants ETEMAD and STEWART knew, it had been purchased in April 1997, for approximately \$15,000, and there were no factors which justified this sudden increase in value; and (b) an application which falsely stated the borrower's income and employment.

3. On or about February 1, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower refinanced a property on Golf Road, Upper Darby, Pennsylvania using \$46,500 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$68,000 on January 5, 1999, when, as defendants ETEMAD and STEWART knew, it had been purchased in November 1998, for approximately \$19,787, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income and employment; (c) HUD forms which stated that the property had been purchased for \$62,000, when it had in fact been purchased for \$19,787.

4. On or about April 9, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which unqualified borrowers purchased a property on Heather Road, Upper Darby, Pennsylvania using \$61,875 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their

direction: (a) an application which falsely stated the borrowers' income and employment; and (b) fabricated articles of incorporation.

5. On or about May 12, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower purchased a property on Kingston Road, Upper Darby, Pennsylvania using \$46,500 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$67,500 on March 19, 1999, when, as defendants ETEMAD and STEWART knew, it had been purchased four days earlier, on March 15, 1999, for approximately \$35,250, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income, employment and assets; (c) fabricated articles of incorporation; and (d) a false gift of equity document.

6. On or about May 21, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower purchased a property on Marlborough Road, Upper Darby, Pennsylvania using \$52,000 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$65,000 on April 6, 1999, when, as defendants ETEMAD and STEWART knew, it had been purchased seven days earlier, on March

31, 1999, for approximately \$33,000, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income, employment and assets; (c) fabricated articles of incorporation; and (d) a false gift of equity document.

7. On or about June 3, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower refinanced a property on Marlborough Road, Upper Darby, Pennsylvania using \$63,750 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$85,000 on April 30, 1999, when, as defendants ETEMAD and STEWART knew, it had been purchased nine days earlier, on April 21, 1999, for approximately \$51,000, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income and employment; (c) fabricated articles of incorporation; and (d) a HUD document which falsely stated that the borrower had purchased the property for \$85,000, when it had in fact been purchased for approximately \$51,000.

8. On or about July 30, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower purchased a property on Rively Avenue, Collingdale, Pennsylvania, using \$57,600 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction:

(a) an application which falsely stated the borrower's income and employment; and (b) fabricated articles of incorporation.

9. On or about August 27, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower purchased a property on Heather Road, Upper Darby, Pennsylvania, using \$46,000 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction:

(a) an application which falsely stated the borrower's income and employment.

10. On or about October 14, 1999, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART caused a real estate closing to take place at which an unqualified borrower refinanced a property on Heather Road, Upper Darby, Pennsylvania using \$56,250 in proceeds of a loan from Washington Mutual, knowing that Washington Mutual had approved the loan based upon the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction:

(a) an appraisal which stated that the property had a value of \$75,000 on August 31, 1999, when, as defendants ETEMAD and STEWART knew, it had been purchased four days earlier, on August 27, 1999, for approximately \$46,731, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income and employment; (c) fabricated articles of incorporation; and (d) a HUD document which falsely stated that the borrower had purchased the property for \$75,000, when it had in fact been purchased for approximately \$46,731.

11. On or about February 14, 2000, at Philadelphia, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART, in connection with a loan application for the attempted purchase of a property on Kent Road, Upper Darby, caused an unqualified borrower to mail a letter to Washington Mutual, 13220 Little Patuxent Pkwy., suite 400, Columbia, MD 21044, explaining a credit problem.

12. On or about February 17, 2000, defendants MICHAEL ETEMAD and CHRISTOPHER STEWART, at Philadelphia, in connection with a loan application for the attempted purchase of a property on Kent Road, Upper Darby, caused an unqualified borrower to submit an application for a mortgage to Washington Mutual, knowing that the package submitted to Washington Mutual contained the following false, fabricated or fraudulent documents which defendants ETEMAD and STEWART had prepared or which had been prepared at their direction: (a) an appraisal which stated that the property had a value of \$67,000 on February 19, 2000, when, as defendants ETEMAD and STEWART knew, it had been purchased less than two months earlier, on November 30, 1999, for approximately \$39,000, and there were no factors which justified this sudden increase in value; (b) an application which falsely stated the borrower's income and employment; (c) fabricated articles of incorporation; and (d) fabricated tax returns.

All in violation of Title 18, United States Code, Section 371.

PATRICK L. MEEHAN
UNITED STATES ATTORNEY